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SALES AND PURCHASES OF SECURITIES

BETWEEN CANADA AND OTHER COUNTRIES

During January there was a sales balance of \$6 million from trading between Canada and other countries of outstanding securities. This balance was made up of net sales of \$14.0 million and of \$4.8 million to the United Kingdom and to other overseas countries, respectively, offset by net purchases of \$12.7 million from the United States. The net results of trading in January were in sharp contrast to December when there was an overall purchase balance of \$8.6 million. In that month there were net sales of \$6.2 million and \$9.2 million to the United Kingdom and other overseas countries respectively, but these were more than offset by substantial repurchases of Government of Canada bonds from the United States which contributed to an overall purchase balance of \$24 million with that country. The purchase balance in December represented the single break in a series of sales balances extending back to August 1955.

Net sales of outstanding Canadian issues in January amounted to \$13.3 million in contrast to net repurchases of \$19.4 million in December. January trading included net sales of \$12.6 million Canadian common and preference stocks. The figure was some \$3.2 million greater than in December, despite the fact that net repurchases from the United States rose by nearly \$3 million. Perhaps the outstanding feature of the month's transactions was the net sale of \$13 million of Canadian stocks to residents of the United Kingdom. This figure was comparable with \$5 million in December and was exceeded in the post-war period only in July of last year when net sales reached \$16.8 million.

Transactions in outstanding foreign securities led to a purchase balance of \$7.3 million in January compared with a sales balance of \$10.8 million in December. Canadians purchased on balance some \$7.6 million of United States bonds, in contrast to a small sales balance in December. Transactions in United States stocks were in near balance in January, while in December there had been net sales of more than \$10 million.

Near the middle of January, Canada 2 3/4 /68 were selling to yield 4.11 per cent, compared with 4.01 per cent a month earlier. The yield on United States Government 2 1/2 /68 was 3.38 per cent compared with 3.39 per cent a month earlier. The interest differential between these representative medium term Government issues accordingly had widened from 62 to 73 basic points or to nearly three-quarters of one per cent. Stock prices in Canada, as measured by the Bureau's Investor's Price Index were 273.7 compared with 267.8 in December. While Canadian prices rose slightly, United States prices fell. Standard and Poor's Composite Stock Index of 334.9 for January compared with 339.6 in December. The noon average price of the United States dollar in Canada in January was 96.07 cents compared with 96.05 cents in December.

A number of the cumulative tables ordinarily published in this series have been omitted from this report but will appear in February.

Statistics in this bulletin cover transactions in outstanding securities reported by investment firms, stock exchanges, and other security dealers in Canada. Not included are sales of new issues and retirements of called or matured securities, security transactions of a short-term character analogous to changes in bank balances, and some transactions by other than reporting agencies. More complete statistics of capital movements will be found in the annual and quarterly reports on THE CANADIAN BALANCE OF INTERNATIONAL PAYMENTS.

Prepared in the Balance of Payments Section, International Trade Division.

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TABLE 3. Trade in Outstanding Securities Between Canada and Other Countries

(Thousands of dollars)

January, 1957	Total Sales	Total Purchases	United States		United Kingdom		Other Foreign Countries	
			Sales to	Purchases from	Sales to	Purchases from	Sales to	Purchases from
<b>Total .....</b>	<b>87,275</b>	<b>81,238</b>	<b>57,035</b>	<b>69,747</b>	<b>18,913</b>	<b>4,937</b>	<b>11,327</b>	<b>6,554</b>
<b>Canadian Securities, Total .....</b>	<b>74,124</b>	<b>60,784</b>	<b>45,081</b>	<b>50,209</b>	<b>17,988</b>	<b>4,401</b>	<b>11,055</b>	<b>6,174</b>
Bonds and Debentures .....	12,027	11,419	7,359	8,805	1,250	828	3,418	1,786
Common and Preference Stocks .....	60,762	48,185	36,675	40,389	16,477	3,432	7,610	4,364
Other Securities .....	1,335	1,180	1,047	1,015	261	141	27	24
<b>Foreign Securities, Total .....</b>	<b>13,151</b>	<b>20,454</b>	<b>11,954</b>	<b>19,538</b>	<b>925</b>	<b>536</b>	<b>272</b>	<b>380</b>
United States Issues:								
Bonds and Debentures .....	1,747	9,397	1,635	9,304	104	18	8	75
Common and Preference Stocks .....	10,028	10,116	9,944	9,719	8	201	76	196
United Kingdom Issues:								
Bonds and Debentures .....	154	313	38	190	116	36	-	87
Common and Preference Stocks .....	707	252	33	1	674	251	-	-
Other Foreign Countries Issues:								
Bonds and Debentures .....	114	347	104	296	-	30	10	21
Common and Preference Stocks .....	390	21	189	20	23	-	178	1
All Other Foreign Securities .....	11	8	11	8	-	-	-	-
<b>Analysis of Bonds and Debentures</b>								
Canadian Issues:								
Government of Canada - Direct .....	4,826	3,387	3,306	2,001	401	287	1,119	1,099
Government of Canada - Guaranteed .....	44	863	12	796	-	46	32	21
Provincial .....	963	704	819	677	65	8	79	19
Municipal .....	996	104	975	28	-	5	21	71
Railway, not guaranteed by Government .....	414	486	242	462	18	18	154	6
Other Corporations .....	4,784	5,875	2,005	4,841	766	464	2,013	570
United States Issues:								
Government .....	1,116	7,290	1,116	7,290	-	-	-	-
Other .....	631	2,107	519	2,014	104	18	8	75
United Kingdom Issues:								
Government .....	113	123	-	-	113	36	-	87
Other .....	41	190	38	190	3	-	-	-